

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6593

BILL NUMBER: SB 367

NOTE PREPARED: Dec 18, 2009

BILL AMENDED:

SUBJECT: Alcoholic Beverage Retailer Liability Coverage.

FIRST AUTHOR: Sen. Stutzman

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a person who holds a retailer's license or permit to sell alcoholic beverages for consumption on the premises to maintain coverage for liability after December 31, 2012. It requires the Commissioner of the Department of Insurance (DOI) to adopt rules to establish minimum amounts of insurance and self-insurance coverage.

Effective Date: July 1, 2010.

Explanation of State Expenditures: The DOI may issue a certificate of self-insurance if the DOI is satisfied that the person making the application is possessed of and will continue to be possessed of the ability to pay a judgment obtained against the person for damages that arise out of the person's sale of alcoholic beverages on the licensed premises. The minimum amounts of insurance and self-insurance coverage required must be established in rules adopted by the DOI Commissioner. The above provisions will increase administrative expenses for the DOI. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues: A person who violates the provisions of this bill is subject to various penalties, including fines, suspension and revocation of licenses or permits, and civil and criminal penalties under the oversight of the Alcoholic and Tobacco Commission (ATC). It is possible that fines and penalties will increase revenue to the state General Fund. Civil fines are deposited in the state General Fund.

If additional court cases occur and criminal fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. However, any additional revenue would likely be small.

The ATC reports that as of August 4, 2009, there were approximately 8,176 retailer's permits issued. It is not known how many of such establishments currently carry alcoholic beverage liability coverage.

Explanation of Local Expenditures: *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: ATC; DOI.

Local Agencies Affected: Trial courts, local law enforcement agencies.

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